

# Quinquennial Review

---

of the

# **Teacher Training Agency 1999**

*Stage 2: Financial  
Management  
Survey Report*



Department for  
Education and Employment

Quinquennial Review

---

of the  
**Teacher Training  
Agency 1999**

*Stage 2: Financial  
Management  
Survey Report*

# ***Contents of the Report***

## ***Chapters***

	Executive Summary and List of Recommendations	1
<b>1.</b>	Introduction	5
<b>2.</b>	Organisation	7
<b>3.</b>	Planning	10
<b>4.</b>	Financial and Management Control	12
<b>5.</b>	Budgetary Control	13
<b>6.</b>	Management Information	15
<b>7.</b>	Contract Management	17
<b>8.</b>	Human Resource	18
<b>9.</b>	Information Systems and Technology	22

## ***Annexes***

<b>1.</b>	Announcement of the Quinquennial Review	25
<b>2.</b>	Terms of Reference for the Financial Management Survey (FMS)	26
<b>3.</b>	Steering Group Members	27
<b>4.</b>	TTA Current Organisation	28

# **Executive Summary**

The survey team concluded that the evidence pointed overall to the following main conclusions:

## **General**

The TTA has, since its inception, made significant progress in developing its organisation and its finance and management structure, arrangements and systems. Overall, the level of financial control is good. Areas for improvement are being identified and addressed. This report makes a number of recommendations designed to assist the TTA to complete this process and thereafter to move forward with a clear corporate vision making the most effective use of its human and other resources at all levels of the organisation.

## **Previous Financial Management Survey (FMS)**

A survey which preceded this survey was carried out by a team of external consultants Pannell Kerr Foster in 1997. While not all its detailed recommendations were accepted by the TTA, the majority have been implemented and in all the key areas.

## **Organisation**

Overall, the TTA's organisation enables the effective delivery of objectives. It has a particularly flat structure which results in quite short decision making routes. An area of disquiet is the very tight centralised control operated by the Senior Management Group (SMG). This is coupled with a need to improve the internal communication system and to give more delegated responsibility to Professional Officers (Team Leader equivalent).

The conduct and impact of the Board over the last two years is to be commended. A criticism raised both during the Prior Options Review and during the FMS was the large amount of information that recipients of Board papers were expected to digest in the time available.

## **Planning**

The planning arrangements in the TTA have much to commend them. The Corporate Plan was particularly clear in its content and presentation. The planning process has considerable strengths which are beginning to embed themselves in the organisation. There have been substantial recent improvements made by a Senior Management Group which is committed to good project management techniques and controls.

The operating plan was also well developed and exhibited much good practice. We would like to see the inclusion of efficiency and value for money initiatives, and resource requirements in the operating plan.

## **Financial and Management Control**

The systems of financial control satisfy the requirements of Government Accounting, DfEE and Internal Audit. We consider financial procedures are well established and appropriate and there is much evidence that these are followed. Our compliance tests indicated that controls within the systems are effective and operating satisfactorily.

## **Budgetary Control**

There are clear and robust systems in place within TTA both to establish bids and allocations and to track and report expenditure on a regular basis. These systems include the review and challenge of bids, budget and profile approval at Board level and adequate in-year monitoring and reconciliation.

## **Management Information**

### **Financial**

There is a lot of useful, detailed financial information produced by the accounts and financial monitoring team. This feeds into the discussions held between the Principal

Establishment and Finance Officer (PEFO) and SMG members and provides an effective means of monitoring budgets, income and expenditure.

### **Operational**

The survey team found evidence of limited operational management information being produced within TTA. Information supplied to the SMG meetings is typically restricted to project updates and senior manager information on task progress. Following up the recommendation from the previous FMS the SMG have recognised the need for more comprehensive and regular management information and are currently introducing a comprehensive and flexible performance reporting 'pack'.

We believe that, given a comprehensive set of management information, SMG meetings could be run more effectively and consideration could be given to them being held less frequently.

### **Contract Management**

There is a sound system of contract management in operation with particularly effective measures to provide independent input to all stages of the process, including ongoing monitoring. This feeds into the evaluation of individual programmes.

We consider the main weakness to be that the team is small and working under considerable pressures, particularly at busy times. This may result in them being unable to offer the full level of service to TTA colleagues at certain times.

### **Human Resource Management**

#### **Pay and Grading**

It is early days for the delegated pay system and a full review of the system has yet to be carried out. The survey team found however that the system had been implemented effectively and from the limited evidence available we found it to be well managed.

#### **Job Evaluation**

We found the system to be running well with no major structural problems. However we found the grading system to be confusing and anomalous in parts.

#### **Performance Management System**

We found a well controlled system with no current evidence of performance marking drift. The cross TTA moderation system appears to be working well.

#### **Recruitment and Retention**

The continuing high levels of turnover were a cause for concern. Recruitment in TTA is an ever present and particularly time consuming process and, although there is some use of outside agencies, it imposes significant burdens on human resources (HR) staff and management. Consideration should be given to alternative ways of managing this process including contracting out and succession planning. The 3 year contract period may be restrictive and is creating difficulties with HR planning, especially as a number of contracts come up for renewal around the same time.

#### **Personnel Procedures and Policies**

We found that the HR function in TTA had not been developed as far as we would expect for an organisation of this size and maturity. There could be many reasons for the situation but there is clear evidence that action is now being taken to redress the situation, especially around the areas of equal opportunities, grievance procedures and training and development policies. HR data is not being collected or collated in an integrated or systematic way and we believe that the current HR Information System should be utilised or a new system be procured which will meet the TTA's requirements.

The staff handbook is not a working document and is rapidly falling into disuse. This should be brought up to date and also consideration given as to which medium is used. In our view the use of information technology (IT) would be preferable.

## **Information Systems and Technology**

### **IT strategy, planning and management**

Local IT needs are met cost-consciously and the decision to appoint a team leader appears to be having a rapid benefit in terms of a more stable system and a more forward-looking, planned and business-led approach. However, there is scope for SMG to cement and build on this improvement. We note that the SMG have accepted the recommendation in a recent internal audit report that the TTA should establish an IT strategy committee.

### **IT and 'Modernising Government'**

The TTA's growing use of the internet (and particularly the examples given of how TTA is using its web site to open TTA to the education sector and to the general public) is in tune with the modernising government agenda and demonstrates that the Agency is now starting to make more of the corporate and strategic possibilities offered by IT.

### **Year 2000 (Y2K) (and general) contingency/continuity planning**

We believe that Y2K technical preparations were appropriate to the level of risk.

## **List of Recommendations**

\*reference. to paragraph in report

- 1. We RECOMMEND that the format of Board papers be discussed between SMG and Board members with a view to introducing a new agreed system. (2.11)\***
- 2. We RECOMMEND that the schedule of committees and groups be reviewed by the SMG and, where relevant, the TTA Board to establish the need for and relevance of the current committees and groups. This review should be taken at regular intervals. (2.15)\***
- 3. We RECOMMEND that a more effective medium is found for communicating to staff the deliberations and decisions taken by the SMG at their meetings. (2.20)\***
- 4. We RECOMMEND that SMG consider ways of further empowering Professional Officers and others, thereby helping to support the role of SMG members. (2.21)\***
- 5. We RECOMMEND that Professional Officers and others develop the relevant skills to produce "right first time" products for consideration by the SMG. (2.22)\***
- 6. We RECOMMEND the use of a comprehensive project methodology for future work and this be included as part of the operational planning process. (3.14)\***
- 7. We RECOMMEND that team plans in the organisation should be benchmarked against the best in the organisation and adjusted accordingly. (3.15)\***
- 8. We RECOMMEND that a mechanism be developed for accurately assessing resource needs at team and project level and this be encompassed within the overall operational planning process. (3.16)\***
- 9. We RECOMMEND that efficiency and value for money initiatives be included as part of the Operational Plan and included as part of the staff appraisal process. (3.17)\***
- 10. We RECOMMEND that the reporting pack for SMG, recommended by the previous FMS and still under development, should include financial and other management information which is "fit for purpose" and able to be used to inform the decision making process. (6.6)\***
- 11. We RECOMMEND that the management information pack is**

brought into immediate use by SMG. This should be supplemented by resource information provided by the HR section. (6.7)\*

12. We RECOMMEND that the Contracts Management Team develop appropriate arrangements to manage their work in the event of fewer resources or in times of great pressure. This should include consideration of a risk based approach concentrating on areas deemed to have the most significance or where other TTA staff lack recent experience in letting or managing contracts. (7.8)\*
13. We RECOMMEND that the review of the delegated pay system be carried out as soon as practicable and certainly by April 2000. (8.8)\*
14. We RECOMMEND that the grading system be thoroughly reviewed with a view to simplifying the structure and reducing grade anomalies. (8.12)\*
15. We RECOMMEND that a formal succession planning system is introduced in TTA. (8.27)\*
16. We RECOMMEND that alternative ways of managing and administering recruitment in the TTA be explored with a view to reducing administrative burdens and cost. (8.28)\*
17. We RECOMMEND that the TTA develop an action plan to tackle the levels of staff turnover. (8.29)\*
18. We RECOMMEND that the 3 year staff contract period be reviewed with an aim of easing structural staffing problems. (8.30)\*
19. We RECOMMEND that the staff handbook should be brought up to date and installed on a shared data base available to all staff. (8.43)\*
20. We RECOMMEND that priority be given to producing and implementing HR policies covering equal opportunities, discipline, grievance and absence. (8.44)\*
21. We RECOMMEND that, in keeping with the Investors in People (IiP) assessment recommendation, a revised Training and Development Policy and Plan for the TTA be agreed and implemented urgently. (8.45)\*
22. We RECOMMEND that the current HR information system is developed or a new system be procured to meet the HR information needs of the TTA. (8.46)\*
23. We RECOMMEND that SMG include information systems (IS)/information technology (IT) considerations on the agenda of at least every other SMG Meeting. The highest priority to be given to producing an IS Strategy and an IT Strategy, which must be reviewed regularly and whenever corporate objectives change. (9.6)\*
24. We RECOMMENDED (pre publication of this report) that remaining Y2K work, including business continuity preparations, should be documented as an action plan and that SMG should review progress at each meeting, assuring themselves that:
  - the final stages will happen in good time;
  - the remote-site contingency arrangements have been thoroughly tested;
  - TTA will have sufficient priority on the remote site should many other customers require access (because of Y2K problems) in the new year;
  - each team has accepted responsibility for its own (non-IT) preparations for the date change. (9.13)\*



# Introduction

## Requirements of the Financial Management Survey

**1.1** The Treasury require all executive Non Departmental Public Bodies (NDPBs) to be subject to quinquennial review by their sponsor department, in this case the Department for Education and Employment (DfEE). The review is in two stages. The first 'prior options' stage examines the justification for the organisation on policy grounds and whether the NDPB itself is the most appropriate organisation to carry out its functions. The second 'FMS' stage is a thorough finance and management review. An FMS examines systems and blocks of work and does not inspect individual posts' loading and grading.

**1.2** The TTA is a statutory body set up by the Education Act 1994. It is based in London. Details of the current structure of TTA can be found at Annex 4. The prior options stage, which reported in May 1999, concluded that the TTA should continue as a body; that there was no case at the time for abolition, privatisation or strategic contracting out of TTA's functions; and that certain issues should be examined as part of this second FMS stage of the quinquennial review.

## Announcement and Terms of Reference

**1.3** The review of the TTA was announced in a written Parliamentary Answer by Estelle Morris MP, Minister of State in the Department for Education and Employment, on 3 February 1999. The terms of the announcement are reproduced at Annex 1.

**1.4** The terms of reference for the FMS were agreed by the Steering Group formed to oversee the survey. The FMS terms of reference are set out in Annex 2 and membership of the Steering Group is listed in Annex 3.

## Methodology

**1.5** The approach was to use survey team members who had previous involvement in FMSs of other NDPBs. The survey was conducted mainly through interviews of key staff in TTA and analysis of the results of the interviews plus organisational and financial management documents provided by the TTA. The survey team also used information supplied by an interim survey carried out by Pannel Kerr Foster for DfEE in 1997. This survey concluded that at the time the TTA had sound detailed financial controls in place. There were also effective controls in the key areas of funding, allocations and financial monitoring. The survey team considered that the TTA was at a stage where further development of its planning, management reporting and performance management systems would be beneficial. The majority of the recommendations arising from this survey have been implemented.

**1.6** Most of the field work for the current FMS was undertaken during August 1999. Following a period of analysis the emerging findings were presented to the Steering Group on 7 September 1999. The Group considered these a valuable summary of the emerging themes, highlighting both the positive and negative. It was agreed that while there was scope for further improvement it was important to recognise the many achievements of the TTA and the progress already being made.

**1.7** Whilst focusing on meeting the terms of reference the survey team have also sought to contribute to the ongoing development of TTA's management processes by, where possible, not being overly prescriptive in their recommendations. Throughout the survey and during the compilation of the report the TTA have been informed of the survey findings via their Steering Group representative and survey team member. Because of this and also ongoing plans



many of the recommendations mentioned in this report have been or are being addressed.

### **The Survey Team**

**1.8** The survey was undertaken by a team taken from the relevant areas of the DfEE's consultancy and advice services. The survey team comprised

Martin Tavender (Survey Leader)	<i>Efficiency Division</i>
Lynn Marsden	<i>Efficiency Division</i>
David Stemp	<i>Internal Audit Division</i>
Christopher Jones	<i>Information Services Division</i>
David Robinson (Liaison Member)	<i>TTA</i>

### **Management of the Survey**

**1.9** The survey was overseen by an Inter-Departmental Steering Group. The membership is listed at Annex 3.

### **Acknowledgement**

**1.10** The survey team is grateful for the helpfulness, co-operation and positive contribution of the Chairman, Chief Executive, Senior Management and staff, past and present, of the TTA.

# Organisation

**2.1** The survey team conducted a broad assessment of the appropriateness of the internal organisation of the Agency and the level and use of resources. We considered whether the organisation's shape, size and balance were appropriate for the efficient and effective delivery of the TTA's aims and objectives. Also we assessed the means by which the TTA ensures adequate and appropriate communication between and within its functionally structured groups.

**2.2** As a result of a TTA commissioned report in 1996 a revised organisation structure was implemented in September 1997. This reflected a re-distribution of workload, mixing policy and administrative functions and giving some Heads of Group a hybrid portfolio. The mix of policy and administrative functions was not successful. As a result, these were reviewed and a new senior management post created to head the administrative functions. These changes are reflected in the current organisation structure which is shown in Annex 4.

## Current Structure

**2.3** The TTA organisation structure comprises a Chief Executive and six functionally organised groups each headed by a member of the Senior Management Group at Grade 5 level. The groups are:

- Funding and Allocations & Secretary to the Board;
- Quality Assessment;
- Communications and Marketing;
- Teacher Supply and Recruitment;
- Teacher Training;
- Establishments and Finance.

**2.4** The TTA has a staffing complement of 120, although at the time of the survey there were approximately 27 vacancies including two senior management posts, these being Head of Quality and Head of Communications. Some of these vacancies are currently being covered by temporary staff.

**2.5** A central co-ordination post at Professional Officer level has recently been created to deal with policy co-ordination, secretariat and corporate planning. We see this post as key to taking forward many of the relevant areas highlighted in the FMS. At the time of the survey the appointee had not taken up post owing to the lack of an available replacement.

**2.6** There is clear evidence that the TTA is delivering a large number of products of high quality, to time and with the minimum of staff. On the face of it the output v staff ratio shows a very favourable picture. However there is evidence that the high workload and high turnover of staff (discussed in Chapter 8) is resulting in some staff having to work long hours to achieve their objectives. This commitment is commendable but the situation needs some effective HR management to protect these staff from possible 'burn out'. A high proportion of staff work in delivery areas and administrative support posts are kept to a minimum. We found that while the support services, like the rest of TTA, are consistently under pressure they are well organised and efficient.

## Organisational Changes

**2.7** The deployment of existing staff and significant organisational change decisions are taken by the SMG. Individual Senior Managers must present a comprehensive business case to the SMG for the approval of new posts. From interviews with staff they report instances of organisational and personnel changes not being adequately communicated to some staff below middle management level. SMG members have identified internal communication as an area they need to address.

## Headship and Leadership

**2.8** Until July 1999 the TTA had been responsible for developing, managing and regulating the three Headship programmes: National Professional Qualifications for Headship (NPQH), Headteachers' Leadership and Management Programme (HEADLAMP) and Leadership Programme for Serving Heads (LPSH). The Prior Options Review recommended that the new leadership college, when established, assume these responsibilities. As a transitional measure to ensure that, in the short term, developments on Headship training and planning for the college proceed in step, the DfEE has assumed direct responsibility for both the TTA's work on Headship training and for the existing TTA posts. We interviewed staff both in TTA and those who have been transferred to DfEE and all were in agreement that the transfer process was carried out by TTA in association with DfEE with admirable efficiency and sensitivity.

## Board

**2.9** The Chairman and Board were appointed on the issue of the remit letter on 28 October 1997. The Chief Executive is a member of the Board. The present Board was positively viewed by staff in TTA for the improved way in which it was pursuing its remit and for the policy of allowing access by TTA staff to Board meetings.

**2.10** The Board meets approximately seven times a year. Board papers are initiated through the SMG, supported by relevant groups and teams. Board members and observers state the papers are robust and high quality. However copious amounts are produced, sometimes very close to the date of the meeting (there is evidence of this situation improving recently). As a result, the amount and format of the papers puts a significant burden on the recipients and the short preparatory time can prevent wider consultation prior to the meeting. The

intention by TTA to identify which papers are for action and which are for information is to be commended.

**2.11** We RECOMMEND that the format of Board papers be discussed between SMG and Board members with a view to introducing a new agreed system.

## Committees

**2.12** The Board is advised by a number of standing committees and groups. The standing committees of the Board are the Accreditation Committee, Audit Committee and the Research Committee. Each has an approved remit and terms of reference. There is also a Remuneration Committee which decides on the proposed pay remit for the TTA to be submitted to the DfEE each year.

**2.13** The groups include advisory groups responsible for offering strategic advice on defined areas of work; steering groups to oversee specific projects; and working groups that take forward particular TTA work. Currently these groups include:

- Research Consortia Steering Group;
- Performance Profiles Group;
- Ethnic Minority Focus Group;
- Teacher Supply and Recruitment Focus Group;
- ITT Induction Advisory Group;
- Ethnic Minorities Exemplification Working Group;
- Disabilities Focus Group.

**2.14** The latest schedule of committees was last approved by the Board in December 1997. The need for these is not monitored and controlled centrally within the Agency.

**2.15** We RECOMMEND that the schedule of committees and groups be reviewed by the Senior Management Group and, where relevant, the TTA Board to establish the need for and relevance of the current committees and groups. This review should be taken at regular intervals.

## **Senior Management Group**

**2.17** The SMG meets weekly and involves the Chief Executive and Heads of Group. Our enquiries have found that the SMG is **the** decision making body in the TTA and provides the key forum for discussion and development of policy. Most of what happens in TTA is a product of this forum's deliberations. Some Professional Officers and other staff take part but there is a perception by many of the TTA staff and associates that the TTA SMG involves itself in areas of detail and decision making which are thought inappropriate for the level of this group.

**2.18** We appreciate that the TTA is not a particularly large organisation and communication and decision channels are relatively short. The SMG assert very strongly their need to closely quality assure all the TTA products. However, there is evidence of this centralised control creating a 'bottleneck' in the output production process. We found no evidence of the TTA missing final deadlines but the increased pressure this aspect created was mentioned by many of those within TTA and those working in partnership with TTA. There is clear evidence of Heads of Groups being totally committed to the tasks in hand and taking on very heavy workloads. There is, however, a danger, which is recognised by some managers, of these high achievers becoming 'indispensable' to the operation of TTA.

**2.19** Notes of meetings are not being produced for staff although a list of brief action points is produced and circulated. These action points have recently been produced without the context of the decision and staff find them of little use unless directly involved.

**2.20** We RECOMMEND that a more effective medium is found for communicating to staff the deliberations and decisions taken by the SMG at their meetings.

**2.21** We RECOMMEND that SMG consider ways of further empowering Professional Officers and others, thereby helping to support the role of SMG members.

**2.22** We RECOMMEND that Professional Officers and others develop the relevant skills to produce 'right first time' products for consideration by the SMG.

## Planning

### Planning Arrangements

**3.1** Given the wide range of activities carried out by the TTA and the dynamic nature of its business the need for a rigorous and comprehensive planning process is essential.

**3.2** The TTA has an established planning timetable but circumstances such as the election and the Quinquennial Review have conspired against its regular implementation. The survey team found that the SMG have worked well together to lead in revising priorities and presenting recommendations to the Board.

Now that the TTA is facing a period of relatively clear water we would hope to see the planning cycle operate as designed.

### Corporate Planning

**3.3** Following the publication of the Quinquennial Prior Options Review in May 1999, the TTA agreed a new Corporate Plan for the period 1999–2002. This was published on 6 July 1999 and contains, within the strategic framework set by Ministers, core aims, key operational objectives and key targets. Unlike the previous Corporate Plan (1998–2001) it embodies a summary of key activities not a detailed description of all activities.

### Conclusions

**3.4** We are pleased to note that the Plan is in line with current best practice and accurately reflects the revised strategy for the TTA. The presentational style of the Corporate Plan is of exemplary quality and meets the public sector communication standards for this type of document.

### Operational Planning

**3.5** We found at the time of the survey no published Operating Plan for the period 1999–2000. The production of an Operating Plan in previous years has been patchy and influenced by a range of external influences, for example, elections and various reviews. We found that the Operating Plan was in the process of being

produced following the delayed publication of the Corporate Plan. The Operating Plan is currently on target for publication in October 99 (achieved). We found that the procedures and timescales underpinning the production of the Operating Plan are robust and rigorous. In addition, the planning process and the actions to be taken have been well communicated to TTA staff.

**3.6** Despite the absence of a published Operating Plan relevant objectives, performance measures, targets, and indicators have been developed at Group, team and project level. The majority of these have been documented and disseminated to staff. Project plans have successfully been used in TTA. However, it is encouraging to see the increased attention being given to identifying and addressing project (and programme) risks.

**3.7** The guidance on producing team plans is particularly helpful and has led to the production of some excellent team plans. We found an awareness among staff interviewed of how the different plans flow one into another. Also, staff were aware of how the planning process worked within the teams and groups.

### Conclusions

**3.8** The survey team have been impressed by the level of commitment to achieving TTA operational objectives and the degree of planning that goes into their delivery. We have found that the TTA has made substantial recent improvements in its planning arrangements. The current planning arrangements have considerable strengths and are essentially sound. They demonstrate a commitment to producing an agreed, achievable, relevant and well communicated plan. Commendably, they also recognise the value of engaging staff at all levels in the planning process. There are some exemplary team plans being produced and, more importantly, they are being used as working documents. We

would like to see the high standard of some team plans being used as a benchmark for all other team plans in the organisation.

## Resource Planning

**3.9** The Corporate Plan recognises ‘The achievement of the TTA’s policy objectives depends on having the right people with the right skills and the right facilities to deliver efficiently and effectively’. The survey team believe that the TTA has the right type and quality of resources but found difficulty in establishing a clear relationship between the TTA’s operational objectives and the total amount of resource required to deliver the outputs. We found that the ratio of front line staff to support staff is high.

**3.10** All resources are agreed at SMG level. Business cases are submitted for extra resources and these are vigorously challenged at SMG meetings before being approved.

## Conclusions

**3.11** The lean organisation is commendable but how it arrived at this structure is difficult to determine. There is some evidence of a justifiable emphasis towards approving increased operational staff as against support staff both within TTA and DfEE. However, if these increases are not part of an overarching resource plan they may (and do) create pressures in other areas of TTA, e.g. contract management.

## Efficiency Planning

**3.12** The survey team found no specific reference to value for money objectives in the current business plans. However, the intention to improve value for money and efficiency is demonstrated in many areas of activity in TTA. Programme evaluation is well embedded in the operational culture of the organisation and, as noted earlier, scrutiny of all new work and bids is particularly rigorous. There is also a planned programme of value for money reviews for generic

areas within TTA, for example meetings and conference arrangements.

## Conclusions

**3.13** The survey team welcomes the attention being given to efficiency and the drive to obtain the best value out of limited resources. We have concluded that it would be advantageous to bring the current and planned activities within the scope of the Operational Plan.

**3.14** We RECOMMEND the use of a comprehensive project methodology for future work and this be included as part of the operational planning process.

**3.15** We RECOMMEND that team plans in the organisation should be benchmarked against the best in the organisation and adjusted accordingly.

**3.16** We RECOMMEND that a mechanism be developed for accurately assessing resource needs at team and project level and this be encompassed within the overall operational planning process.

**3.17** We RECOMMEND that efficiency and value for money initiatives be included as part of the Operational Plan and included as part of the staff appraisal process.



## ***Financial and Management Control***

### **Corporate Governance**

**4.1** The adoption of the principles of Corporate Governance is required by the public sector as set out by HM Treasury in Dear Accounting Officer (DAO) 13/97 and subsequent DAO letters. A Corporate Governance statement of internal financial control, signed by the Chief Executive, appears with the annual accounts for 1998–99. The work commissioned by the audit committee actively feeds into this statement and a satisfactory system exists to examine and evaluate system of internal control through the Internal Audit service. DfEE's Internal Audit Division will be undertaking a review of TTA's internal audit service providers in the new year to establish whether they provide adequate and effective coverage of TTA systems.

### ***Financial and Management Control***

**4.2** Control systems were subject to close scrutiny during previous reviews and continue to be examined on a regular basis by TTA's internal audit service providers. We took some assurance from the conclusions of the previous FMS and recent audit reports, which concluded that TTA had in place robust financial management systems, and tailored our effort towards an examination of the higher level controls and supporting documentation.

**4.3** We found comprehensive and up to date financial procedures and guidance is available for all staff. This includes the detail outlining roles and responsibilities, procedures for setting budgets, income and expenditure, financial monitoring, management of assets, banking and cash handling. The guidance on budgetary matters is supported by the provision of in house training for newly appointed Responsible Officers (ROs). This ensures a full awareness of their responsibilities and the general principles of financial and budgetary management.

**4.4** We have commented elsewhere on the TTA's application of procedures for setting budgets, allocating funds and on the systems for financial monitoring. These are in line with written guidance and we have no concerns over day to day financial management.

**4.5** We undertook an examination of a small sample of payments for running and programme costs. We confirmed that the procedures are followed and there is an adequate trail to support financial transactions.

### ***Internal Audit Recommendations***

**4.6** We reviewed the procedures for management follow-up of recommendations made by TTA's internal audit service providers. The previous FMS report had highlighted that action to implement some long standing recommendations had still not been taken.

**4.7** We found that the Accounts and Financial Monitoring (AFM) Team have responsibility for monitoring management action agreed in response to internal audit recommendations and there are procedures in place to ensure progress is made and reported. A written record of implementation is maintained and we are content that the concerns raised in the previous report have been addressed satisfactorily.

### ***Conclusions***

**4.8** The systems of financial control satisfy the requirements of Government Accounting, DfEE and Internal Audit. We consider financial procedures are well established and appropriate and there is much evidence that these are followed. Our compliance tests indicated that controls within the systems are effective and operating satisfactorily.



## Budgetary Control

**5.1** The TTA's control systems have been subject to close scrutiny during recent reviews and through regular examination by their own internal audit service providers. Our survey therefore concentrated on an examination of higher level budgetary controls and supporting documentation.

### *Bids and Allocations*

**5.2** The main bidding, scrutiny and decision-making processes for programme expenditure are performed through the corporate/operational planning activities, with allocations at the level of operational objectives approved by the Board. Below this level the AFM team circulate a request to all ROs for bids for funds at project level. These bids are collated within the AFM team and scrutinised at AFM Team level and by the PEFO for consistency with the agreed total for the operational objective and for realism. At present, the running cost allocations process is separate, managed by the Office Management Team (OMT), but it operates on similar lines in terms of requesting detailed bids from individual ROs in the support area and challenging the figures where appropriate.

**5.3** We found examples of challenge to the bids, particularly where further detail was required to support the figures. The AFM team leader scrutinises and approves bids for new or additional funding to ensure it can be met from within the existing budget and is in accordance with TTA's aims and objectives.

**5.4** The process of challenge is important since it is the first opportunity to consider where priorities lie and to ensure funds are targeted to meet them. This was highlighted in the previous FMS report as an area where more evidence of challenge was required. We believe that this has now been addressed satisfactorily and found evidence of rigorous challenge.

**5.5** Final bids are collated by the AFM team and are presented to SMG and the Board for approval. Once approved, total figures for both Running and Programme costs are submitted to DfEE. We were able to track the above process for grant in aid for the current financial year 1999–2000. We found a clear documented trail and we consider that a robust system is in effective operation.

**5.6** We were advised that there was a fully costed Operating Plan under development but this was not available to us at the time of the survey (but was completed in October 1999). We endorse comments made in the previous survey report about the need for such a document and its relevance to the process of seeking to obtain best value for money when matching resources to activities and objectives.

### *Budget Monitoring*

**5.7** The responsibility for monitoring expenditure rests with individual ROs and there are formal procedures in place to ensure that regular reconciliation and in-year monitoring takes place.

**5.8** Monthly reports for both Running and Programme expenditure are provided to ROs by the AFM team. The ROs report against significant variances to profiles and undertake a reconciliation to ensure central expenditure records are consistent with their own. Returns are made to the AFM team who collect and collate the information and provide a report to the PEFO and SMG for review and comment. The report provides the opportunity to consider changes to budgets or virement in order to address changing priorities or a shift in focus. It also enables early identification of under or over-spends.

**5.9** The previous FMS report stated that ROs did not always respond quickly to the AFM team's requests for the reconciliations. The AFM has procedures

in place for following up late respondees. We concluded there are still occasional problems in clearing reconciliations quickly, particularly during very busy periods, but on the whole the process works effectively.

**5.10** We found adequate written guidance in place, supplemented by clear notes to ROs accompanying monthly expenditure reports and requests for reconciliation. We also established a training programme for newly appointed ROs exists and recent appointees have attended a training event. Experienced ROs are not included in the training programme since they are deemed to be trained.

**5.11** The Contracts Management Team (CMT) have developed a form to record commitments for new projects and this is passed to the AFM team to ensure they are aware of commitments which impact in later financial years. The previous FMS report recommended a move to full accruals-based accounting system. Currently expenditure within TTA is recorded in cash terms. We are content that, in present circumstances, it is not the best time to undertake such a significant task, however, TTA may wish to take this forward at a later date.

### **Conclusions**

**5.12** There are clear and robust systems in place within TTA both to establish bids and allocations and to track and report expenditure on a regular basis. These systems include the review and challenge of bids, budget and profile approval at Board level and adequate in year monitoring and reconciliation.

# Management Information

## Financial

**6.1** TTA currently provide detailed financial information for use both within and outside of the Agency, for example for DfEE. Our survey concentrated on that produced for internal consumption including monthly management accounts for the SMG, budget variance reports for ROs for analysis and corrective action and quarterly expenditure reports accounts produced for SMG and the Board. We consider that the budget variance reports for ROs and the information provided to the Board is both necessary and at the appropriate level of detail.

**6.2** SMG meet weekly and, although financial reports and budgetary issues are often tabled for discussion on the agenda, there is little evidence from the minutes that these topics are discussed. We were told the reasons for this were primarily that the focus of the meetings was based around more immediate operational matters.

**6.3** We consider that these meetings, together with supporting documentation, provide an adequate opportunity to discuss budgetary concerns and issues and that financial information should only be supplied to SMG if it is required, relevant and at the appropriate level of detail. It can then be used to inform the decision making process.

**6.4** At the time of the survey we found little in the way of formal operational reports being produced but that TTA are developing the "Reporting Pack" recommended by the previous FMS. This will include the appropriate level of financial information and is expected to be brought into use during the next few months.

## Conclusions

**6.5** There is a lot of useful, detailed financial information produced by the accounts and financial monitoring team. This feeds into the discussions held between the PEFO and SMG members and provides an effective means of monitoring budgets, income and expenditure.

**6.6** We **RECOMMEND** that the reporting pack for SMG, recommended by the previous FMS and still under development, should include financial and other management information which is "fit for purpose" and able to be used to inform the decision making process.

**6.7** We **RECOMMEND** that the management information pack is brought into immediate use by SMG. This should be supplemented by resource information provided by the HR section.

## Operational

**6.8** The survey team found evidence of limited operational management information being produced within TTA. Information supplied to the SMG meetings is typically restricted to project updates and senior manager knowledge of task progress. Following up the recommendation from the previous FMS the SMG have recognised the need for more comprehensive and regular management information and instigated a flexible performance reporting 'pack'.

## Conclusions

**6.9** The reporting pack should be designed to link with the corporate and operating objectives and be flexible enough to encompass changes. It should be so designed to inform senior management and form the basis of reporting to the Board.

**6.10** While the operational information provided by SMG members is useful and has enabled individual projects to be monitored and delivered on time, the

survey team found that emphasis on task information has to some extent been to the detriment of other areas of the organisation, for example HR issues. Weekly SMG meetings are commendably output focused but other essential management areas can be sidelined. A regular set of management indicators which are scheduled for consideration each month would help to balance the SMG activities.

We also believe that, given a comprehensive set of management information, SMG meetings could be run more effectively and consideration could be given to less regular meetings.

# Contract Management

**7.1** There are currently a large number of contracts in place. A dedicated team provides advice and guidance and undertakes a pro-active contract management role. This allows a strong element of independence to be exercised in the letting and monitoring of contracts. The Contracts Management Team (CMT) assists in negotiations with suppliers in the effort to improve value for money.

**7.2** A formal project management approach has been established to review progress once the contract has been let. In practice, this consists of regular monitoring through the return of completed pro-formas. In addition, members of the team talk periodically with programme managers to assess how the contract is progressing.

**7.3** CMT have developed a system to record financial commitments for new contracts. This is used to inform the management accounting process operated by the AFM team to ensure they are aware of the need to secure funds.

**7.4** There is comprehensive guidance relating to the letting and management of contracts and this is available to all staff. In-house training is also available for staff.

**7.5** Each contract is allocated an individual file containing all the records relating to it. We examined a sample of contracts to ascertain whether documented procedures were complied with and working effectively. We found that all documented procedures are followed and that there is an adequate audit trail through the stages of tendering, letting and ongoing management of individual contracts. The criteria for assessing tenders is recorded in advance of presentations or assessments and decisions regarding the award of a contract are fully documented. Contracts or letters of intent are signed, dated and held on file.

**7.6** CMT is a small unit and, at the time of our survey, had decided not to fill one complemented post. Whilst we were impressed with the level of input to all contracts by the team and commend their approach to regular monitoring and review, we believe this commitment may be difficult to maintain during particularly busy times, or when members of the team are absent.

## Conclusions

**7.7** There is a sound system of contract management in operation with particularly effective measures to provide independent input to all stages of the process, including ongoing monitoring. This feeds into the evaluation of individual programmes. We consider the main weakness to be that the team is small and working under considerable pressures, particularly at busy times. This may result in them being unable to offer the same level of service to TTA colleagues at certain times.

**7.8** We **RECOMMEND** that the CMT develop appropriate arrangements to manage their work in the event of fewer resources or in times of great pressure. This should include consideration of a risk based approach concentrating on areas deemed to have the most significance or where other TTA staff lack recent experience in letting or managing contracts.

# Human Resource Management

## General

**8.1** Recently the involvement in Investors in People (IiP) has acted as a driver for raising the profile of HR issues (IiP accreditation was achieved in October 1999). It was suggested to us that the SMG has had difficulty in providing the HR manager with sufficient autonomy and delegated responsibility to move forward with some HR issues. Pressure of recruitment activities by the HR manager, in particular, slowed progress in this area.

**8.2** One of the benefits, and maybe costs in terms of time pressures, of being a small organisation was demonstrated in the way senior management support TTA staff especially at times of personal difficulties. We were also particularly impressed at the thoroughly professional and sensitive way that senior management in TTA facilitated the move of 'Headship' staff to DfEE.

## Pay and Grading

**8.3** Included in HM Treasury's requirement for government departments to take control of their pay and systems was a similar requirement upon NDPBs. The TTA's pay and grading system, based on full delegation, was introduced with effect from 1 April 1997. The system was designed to enable the TTA to secure better value for money, flexibility, budgetary control and linkage between pay and performance.

**8.4** A joint working group of management and staff looked at the implementation and operation of the pay and grading strategy as well as the operation of the pay and appraisal arrangements.

**8.5** All organisations receiving delegated authority are required by the Cabinet Office to evaluate their pay and grading system after three years of operation. The evaluation should include:

- a cost benefit analysis, comparing the actual costs/benefits achieved compared

with the value for money aspects set out in the business case, and any deviations from the business case;

- how progression through the pay bands works; and
- the results of any review of the performance management system including examples of the distribution of scores.

**8.6** We were informed that the three year review is planned for the end of 1999.

## Conclusions

**8.7** It is early days for the delegated pay system and a full review of the system has yet to be carried out. The survey team found however that the system had been implemented effectively and from the limited evidence available we found it to be well managed.

**8.8** We **RECOMMEND** that the review of the delegated pay system be carried out as soon as practicable and certainly by April 2000.

## Job Evaluation

**8.9** In summer 1996, outside consultants undertook a job evaluation exercise. This involved the compilation of job profiles for a sample of 20 posts selected as being representative of the current grades, functions and organisational groups within the TTA. This exercise enabled a rank – order of roles to be compiled and this was validated by a joint working group.

The wide variety of Civil Service grades was replaced by four staffing levels – a broad band approach consistent with the outcomes of the job evaluation reviews. Within the four levels there are a range of pay zones into which jobs were placed based on a bench marking exercise carried out by another firm of consultants.

**8.10** The broad band approach met the wish of the TTA to adopt a flatter organisational structure. Reducing the number of



grades was seen to remove barriers to effective communication and partnerships between colleagues in teams. It was also seen to avoid much upward checking and correction of work, to empower individuals and to encourage effective delegation. There were no appeals made as a result of the original evaluations. A full pay and grading review is planned for the end of the financial year. It is also planned to bring consultants in to benchmark the process.

### **Conclusions**

**8.11** We found the system to be running well with no major structural problems. An area which we found confusing was with the alphanumeric grading system i.e. Grades 1A, 2B, 2C, 3D, 4E and 4F. We also found little justification for certain grade splits particularly the 2A and 2B split. There also appears in some documents a mix of references to grade numbers and titles which tends to confuse the outsider. Although not of high importance some protocols on the use of these titles/grades references would lead to greater clarity.

**8.12** We **RECOMMEND** that the grading system be thoroughly reviewed with a view to simplifying the structure and reducing grade anomalies.

## **Performance Management System**

**8.13** A new appraisal system was introduced from 1998 to support the new pay arrangements. It is a key tool for ensuring an effective performance management (PM) system

Appraisal is a two part process which is carried out each year. Part 1 covers the past year and Part 2 covers the future year. Part 1 involves the assessment of an individual's performance during the last year in relation to agreed objectives and competencies. An overall performance rating is recommended by the individual's appraiser and moderated by a panel. The moderation is to ensure ratings are fair and are applied consistently across the TTA.

**8.14** The rating and the individual's position in the salary scale will determine their performance pay award within the TTA's overall pay remit. Part 2 focuses on the year ahead, involving the agreement of key objectives for the year ahead, development and assessment of competencies, training and career aspirations. A review of the effectiveness of the PM system is planned to coincide with the review of delegated pay.

**8.15** The key objectives for staff cascade from corporate objectives and are annualised for the year's business objectives and performance targets.

**8.16** The survey team looked at the award of performance ratings under the new performance management system.

### **Conclusions**

**8.17** We found a well controlled system with no current evidence of drift. The cross TTA moderation system appears to be working well.

## **Recruitment and Retention**

**8.18** The survey team found evidence of a long period of TTA operating under complement. At the time of the survey there were 27 vacancies in TTA. This gap has historically been bridged by using the potentially expensive option of employing consultants and agency staff. The budget for agency staff last year was £265K and recruitment advertising cost £180K. We found no figures for expenditure on consultants as these are not included in running costs.

**8.19** Staff turnover is monitored by the HR Manager and these figures are made available to the SMG and Board.

**8.20** The market in which TTA is operating is acknowledged as difficult and competitive. We were also told that many people who join TTA see it as a useful stepping stone in their careers and not as a long term commitment.



**8.21** The turnover for TTA is shown below:

Month	Cumulative
September 1998	6.94%
October 1998	9.72%
November 1998	12.35%
December 1998	14.58%
January 1999	18.52%
February 1999	21.22%
March 1999	25.00%
April 1999	0.15%
May 1999	0.75%
June 1999	1.35%
July 1999	3.00%
August 1999	5.26%
September 1999	8.11%

**8.22** The above figures do not include temporary staff, secondments or staff who left at the end of their contracts (the majority of staff are on 3 year contracts). During the period April 1998 to March 1999 there was a serious exodus of senior people including 8 Professional Officers (POs) and 11 Senior Support Officers (SSOs). We were informed that recruiting people at lower grades was less of a problem; it was retaining them that was proving difficult. We found that much of the HR professional's, manager's and the SMG's time was being taken up by recruitment activities.

### **Conclusions**

**8.23** We found no evidence of any formal succession planning. Consequently unfilled vacancies and scarce resources, especially around ground breaking initiatives, can hamper the start to projects and place extra pressure on the remaining staff.

**8.24** Recruitment in TTA is a particularly time consuming business and although there is use of outside agencies it imposes high burdens on HR staff. This could be having the effect of diverting them from the work we would expect them to be carrying out. Consideration should be given to alternative ways of managing this process including contracting out.

**8.25** The 3 year contract period may be restrictive and create difficulties especially

as a number of contracts come up for renewal at a similar time.

**8.26** We are concerned at the continuing levels of turnover. Although we have some sympathy with the senior management view that this is good for the individuals in career terms, it must be particularly disruptive for the TTA as an organisation.

**8.27** We **RECOMMEND** that a formal succession planning system is introduced in TTA.

**8.28** We **RECOMMEND** that alternative ways of managing and administering recruitment in the TTA be explored with a view to reducing administrative burdens and cost.

**8.29** We **RECOMMEND** that the TTA develop an action plan to tackle the levels of staff turnover.

**8.30** We **RECOMMEND** that the 3 year staff contract period be reviewed with an aim of easing structural staffing problems.

## **Personnel Procedures and Policies**

**8.31** The survey team looked at a range of procedure and policy areas.

### **Equal opportunities**

**8.32** We found that the TTA did not have a formal written equal opportunities policy for the organisation as a whole. This policy has been in draft form for quite a time and was still under consideration by the SMG at the time of the survey. Equal opportunities statements were however included in documents sent out to outside bodies e.g. contracts and tenders.

### **Absence management**

**8.33** Warning prints are produced via the pay system. Return to work interviews are carried out by line managers, although we found no evidence of monitoring or systematic follow up action. Guidance to management on absence management is not documented.

## Grievance procedures

**8.34** The survey team found no evidence of a formal agreed grievance procedure for TTA. A draft grievance procedure is in existence but was, at the time of the survey, being considered by the SMG.

## Discipline

**8.35** At the time of the survey disciplinary rules and procedures were still in draft awaiting SMG agreement.

## Staff handbook

**8.36** A staff handbook exists but is largely out of date and staff do not use it. We discovered, however, that certain sections are still being updated. An induction pack has superseded the handbook but is only issued to new starters and not at all to temporary staff unless they subsequently become permanent. The induction pack is fairly comprehensive but quickly goes out of date. Some of the information from the handbook is now held on a shared data area.

## Working time regulations

**8.37** Information on the above has been circulated to all staff. In addition, staff have been provided with seminars. To date, one person has agreed to opt out of the 48 hour limit. Guidance on calculation of hours and record forms have been developed.

## Human Resource Information System (HRIS)

**8.38** The survey team found that the TTA has an HR information system (PALADIN) but it is not used. Some data is held on the shared area and some spreadsheets are produced but the majority stay in personnel.

## Training and Development

**8.39** At the time of the survey the revised Training and Development Policy and Plan were still in draft awaiting SMG approval.

## Conclusions

**8.40** We found that the HR function in TTA has not been developed as far as we would expect for an organisation of this size and maturity. There could be many reasons for this situation but there is clear evidence that early action needs to be taken to redress the situation, especially around the areas of equal opportunities, grievance procedures and training and development policies.

**8.41** HR data is not being collected or collated in an integrated way and we believe that the current HRIS should be developed or a new system be procured which will meet the TTA's requirements.

**8.42** The staff handbook is not a working document and is rapidly falling into disuse. Consideration should be given to bringing it up to date and also to which medium. In our view the use of IT would be preferable.

**8.43** We **RECOMMEND** that the staff handbook should be brought up to date and installed on a shared data base available to all staff.

**8.44** We **RECOMMEND** that priority be given to producing and implementing HR policies covering equal opportunities, discipline, grievance and absence.

**8.45** We **RECOMMEND** that, in keeping with the IiP assessment recommendation, a revised Training and Development Policy and Plan for the TTA be agreed and implemented urgently.

**8.46** We **RECOMMEND** that the current HR information system is developed or a new system be procured to meet the HR information needs of the TTA.

# Information Systems and Technology

## IT Strategy, Planning and Management

**9.1** The previous FMS recommended that TTA should produce an IS/IT strategy based on its Business Plan and Objectives. The survey team found no evidence of a formal IS/IT strategy. We found that strategic IT considerations are not an agenda item for SMG meetings although items such as Year 2000 proofing are comprehensively discussed. The member on the SMG with responsibility for IT is, by all accounts, an enthusiastic champion.

**9.2** At the working level, TTA makes extensive use of IT. When an individual team has a new IT requirement they consult the IT team, who present a costed business case to SMG-level management for approval.

**9.3** Staff turnover has been a problem for the IT team; the reliance on individual contractors has threatened continuity problems. We have been told that vacancies have put a strain on the remaining team members, a problem exacerbated by capacity problems on the network server, which meant that it needed excessive attention to maintain. The result was that there was very little resource free to work on developing the IT service. The IT team was too busy firefighting, and the next staff member with IT responsibility was a group head, who (as a member of SMG) could not devote enough time to day-to-day IT work.

**9.4** However, the group head has now placed a team leader in charge of IT and there have been some rapid changes. A reappraisal of network and office system software has resulted in the installation of Netware 5 and Microsoft Outlook/Exchange; and the stress on the network server has been relieved by installing a separate server for the financial system (there is now also an internet firewall server). A contract has been let for the

provision of (remote) network support should problems arise when IT staff are absent. There has been a start on documenting the IT team's processes – the first was the business-case approval procedure.

## Conclusions

**9.5** Local IT needs are met cost-consciously, and the decision to appoint a team leader appears to be having a rapid benefit in terms of a more stable system and a more forward-looking, planned and business-led approach. However, there is scope for SMG to cement, and build on, this improvement. By considering IT matters more often, and at the appropriate (strategic) level, SMG could exploit IT's potential to be an enabling mechanism for TTA's medium to long-term enterprise-level business objectives, as well as a way of meeting local, internal, needs. We note that the SMG have accepted the recommendation in a recent internal audit report that the TTA should establish an IT strategy committee.

**9.6 We RECOMMEND that SMG include IS/IT considerations on the agenda of at least every other SMG Meeting. The highest priority to be given to producing an IS Strategy and an IT Strategy, which must be reviewed regularly and whenever corporate objectives change.**

*The IS strategy would identify the information-management requirements of TTA's medium and long-term corporate plans and objectives, and define the policy on staffing / sourcing arrangements with an eye to longer-term 'stability of supply' (for example, whether a partnership with an IT consultancy firm might offer increased security of continuous service to TTA computer users).*

*The IT strategy would identify the most effective and cost-efficient technical solutions to these information needs, how migration to the chosen goal could be best achieved.*

## 1.1 IT and 'Modernising Government'

**9.7** Although we have noted the lack of a formal business strategy-led process for determining corporate IT needs, there have nevertheless been some forward-looking IT developments. All staff have access to Internet email and to the World Wide Web at their desktop, and the take-up of this facility has been such that the capacity of the internet line is about to be increased. The TTA's own Web Site is being given a new look, which will include using the site to publish board agendas and minutes and to encourage stakeholders to participate in sector-wide, web-based discussion groups.

### Conclusions

**9.8** The TTA's growing use of the internet (and particularly the examples given of how TTA is using its web site to open TTA to the education sector and to the general public) is in tune with the modernising government agenda, and demonstrate that the agency is now starting to make more of the corporate and strategic possibilities offered by IT. We commend this and would expect that, in working together to produce the formal IS/IT strategies, SMG and the IT team will discover opportunities for continuing in this direction. For instance, the staff's familiarity with using a Web browser might be exploited by the creation of an Intranet: this would facilitate working-level communication (particularly between teams and groups) and the publication of internal instructions and guidance.

## 1.2 Y2K (and general) contingency/continuity planning

**9.9** The IT department appear to have adequate methodical arrangements for storing backup tapes of server data off site.

The recovery procedures are known to work because they are used occasionally to retrieve erroneously-deleted files. As well as server data, the process also backs up a special 'safe' area on each user's PC, though the IT department are aware that not all users understand the benefits of keeping documents in this area. We also understand that a contract has now been let for the provision of a TTA-dedicated server at a remote site to provide IT systems in the event of the failure of the onsite equipment. This server is kept up to date with a monthly back-up tape, and weekly tapes are also lodged at the site.

**9.10** There is documented evidence of the actions taken to reduce the risk of IT failure caused by the century date change. The IT team did not rely on manufacturers' compliance statements, but had tested the hardware and software for themselves.

**9.11** We understand that Y2K business continuity planning was taken forward as part of the general business continuity work recommended by the previous FMS. Assurance has been gained from key non-IT suppliers about their Y2K readiness. A 'records management' training course has been undertaken to ensure that staff know how best to store key data and how to make appropriate backups.

### Conclusions

**9.12** We believe that at the time of the survey (prior to Y2K) Y2K technical preparations have been appropriate to the level of risk.

**9.13** **We RECOMMENDED (prior to Y2K) that remaining Y2K work, including business continuity preparations, should be documented as an action plan and that SMG should review progress at each meeting, assuring themselves that:**

- the final stages will happen in good time;
- the remote-site contingency arrangements have been thoroughly tested;

- **TTA will have sufficient priority on the remote site should many other customers require access (because of Y2K problems) in the new year;**
- **each team has accepted responsibility for its own (non-IT) preparations for the date change.**

# Annex 1

## ANNOUNCEMENT OF THE REVIEW BY PARLIAMENTARY ANSWER: 3 FEBRUARY

### ESTELLE MORRIS

In accordance with the Government's policy of conducting quinquennial reviews of all non-departmental public bodies, my Department is launching today, in conjunction with the Welsh Office, a review of the Teacher Training Agency. Following Cabinet Office guidelines, the first stage of the review will take the form of a "prior options" study with the following terms of reference:

1. to review the Teacher Training Agency's functions, and the likely future need for those functions;
2. to consider the powers, remit, constitutional status, membership and activities of the Teacher Training Agency;
3. to consider whether, on efficiency grounds, some or all of the functions of the Teacher Training Agency can be carried out within an alternative organisational framework including by another public, private or voluntary sector body or otherwise within government;
4. to review the efficiency and effectiveness of the Teacher Training Agency in carrying out its functions.

We have asked that the review should have particular regard to:

- the establishment next year of the General Teaching Councils for England and for Wales and of the National College for School Leadership; and
- the major agenda for modernisation of the teaching profession set out in the recent Green Papers for England and for Wales on which the government is currently consulting.

We should welcome comments on those matters to be covered by the review from all those with an interest in the Teacher Training Agency's work. Comments, which may be made public unless respondents specifically request otherwise, should be sent by Friday 12 March to:

Graham Holley  
Teachers Group  
Department for Education and  
Employment  
Sanctuary Buildings  
Great Smith Street  
Westminster  
London SW1P 3BT.

We have asked that this first stage of the review should be completed by 30 April. The findings will be published and made available to Parliament.



## Annex 2

### **FINANCIAL MANAGEMENT SURVEY OF THE TEACHER TRAINING AGENCY**

#### **TERMS OF REFERENCE**

##### **Objectives**

The main objectives of the Survey are to:

- examine the quality and appropriateness of the planning and budgeting process including the management information systems which support them and the relationship with the Department;
- ascertain the overall adequacy and effectiveness of the TTA's financial management and control systems; and
- determine whether the current output and performance measures, and the mechanisms for reviewing the TTA's performance, are appropriate in terms of the overall measures of economy, efficiency and effectiveness.

In undertaking the above, the Survey should have regard to the following:

- the preparation of corporate plans;
- the relation of plans to the TTA's main functions and aims and objectives;
- the preparation of budgets and how this is related to TTA's main functions, aims and objectives;
- the arrangements for the monitoring of expenditure and for securing economy, efficiency and cost-effectiveness;
- the co-ordination of information within the TTA to inform planning and budgeting decisions;
- the effectiveness of management information systems in reporting to:
  - the TTA's senior management;
  - Board members; and
  - the Department.
- the arrangements for reviewing the TTA's performance against its objectives;
- the account taken of progress made in future plans;
- the internal organisation of the TTA and its overall staffing in terms of number and grade to assess whether these provide good value for money; and
- the appropriateness of the TTA's information systems strategy that supports the TTA's operations and whether the investment in information systems represents good value for money.

##### **Specific issues**

In undertaking the Survey the review team is to consider the following specific issues:

- the implementation of the recommendations of the Financial Management Survey of 29 April 1998 compiled by Pannell Kerr Forster Management Consultants; and
- review the adequacy of TTA's arrangements to address the Year 2000 problem, in relation to its own operations and those of its partners and stakeholders.



## Annex 3

### **QUINQUENNIAL REVIEW OF THE TEACHER TRAINING AGENCY:**

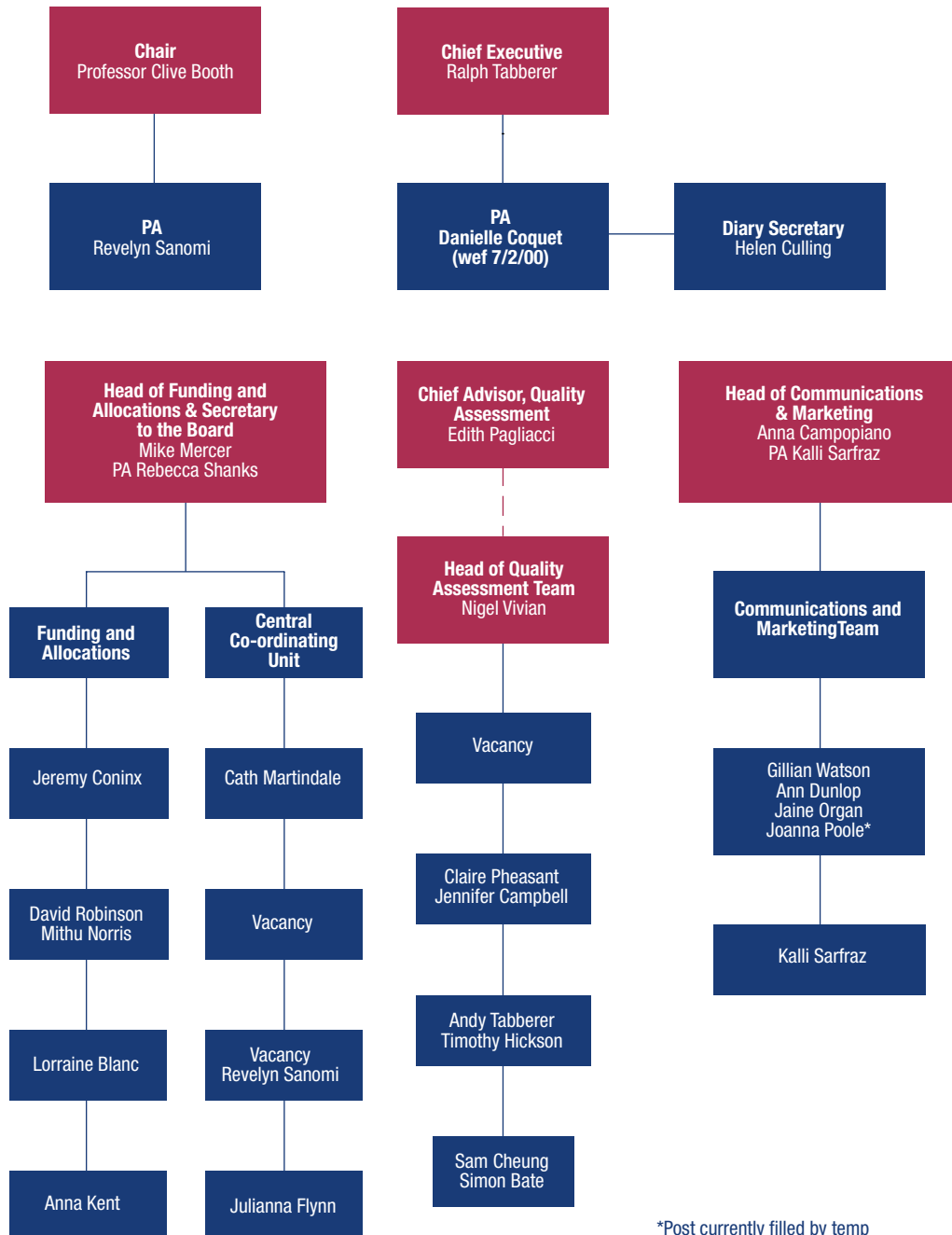
#### **PART 2 FINANCIAL MANAGEMENT SURVEY**

##### **STEERING GROUP MEMBERS**

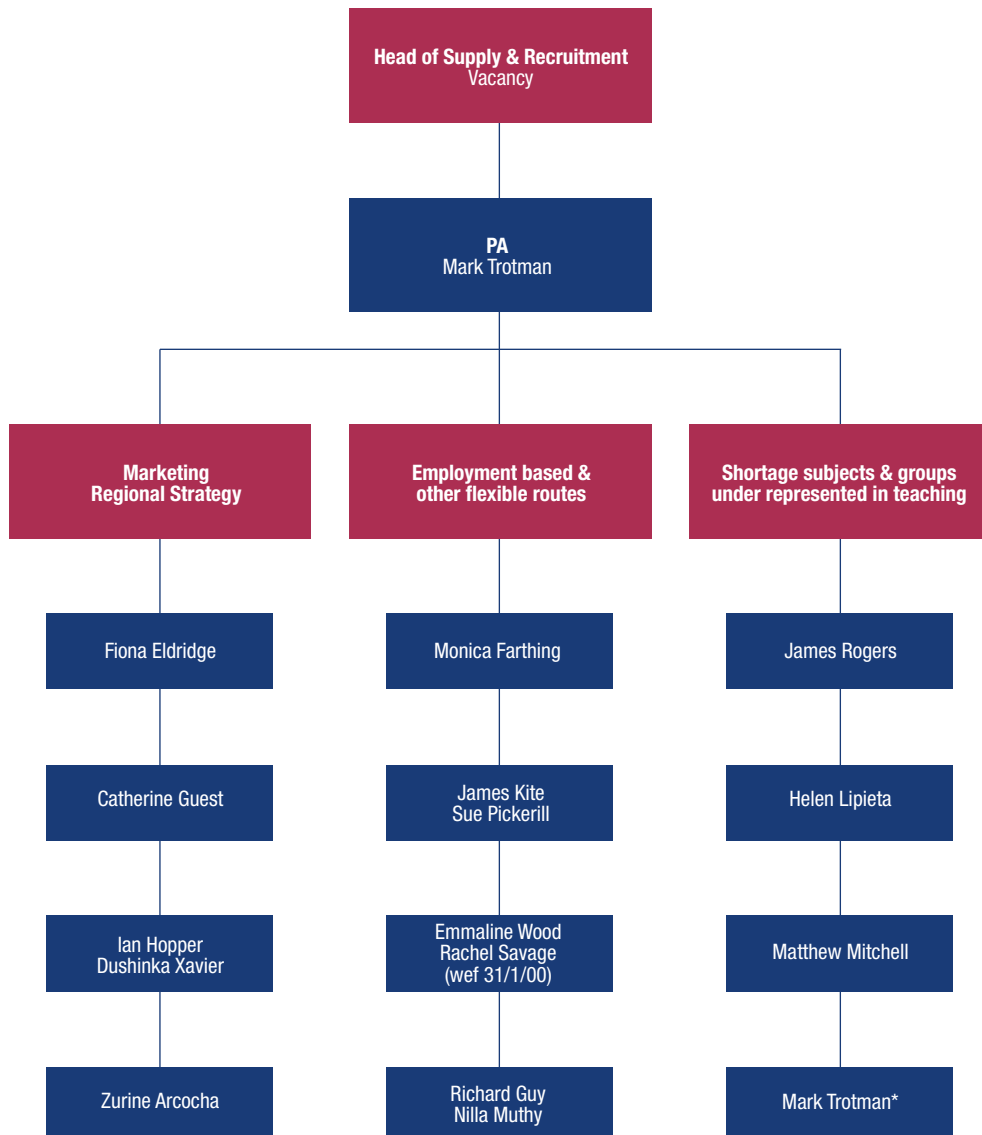
<b>Graham Holley</b>	Chair (DfEE Teachers Group)
<b>Frank Martin</b>	(TTA PEFO)
<b>Peter Grenville</b> (later replaced by <b>Moses Kavuma</b> )	(DfEE, NDPB Team)
<b>Roger Gardner</b>	(DfEE, Internal Audit Division)
<b>Susan Scales</b>	(DfEE, Efficiency Division)
<b>Pam Fox</b>	(DfEE, Teachers Support and Training Div.)
<b>Alistair Howie</b>	(Cabinet Office)
<b>Stuart Taylor</b>	(HM Treasury)
<b>David Robinson</b>	(TTA , Survey Team Liaison)
<b>Martin Tavender</b>	(Survey Team Leader, DfEE)

## Annex 4

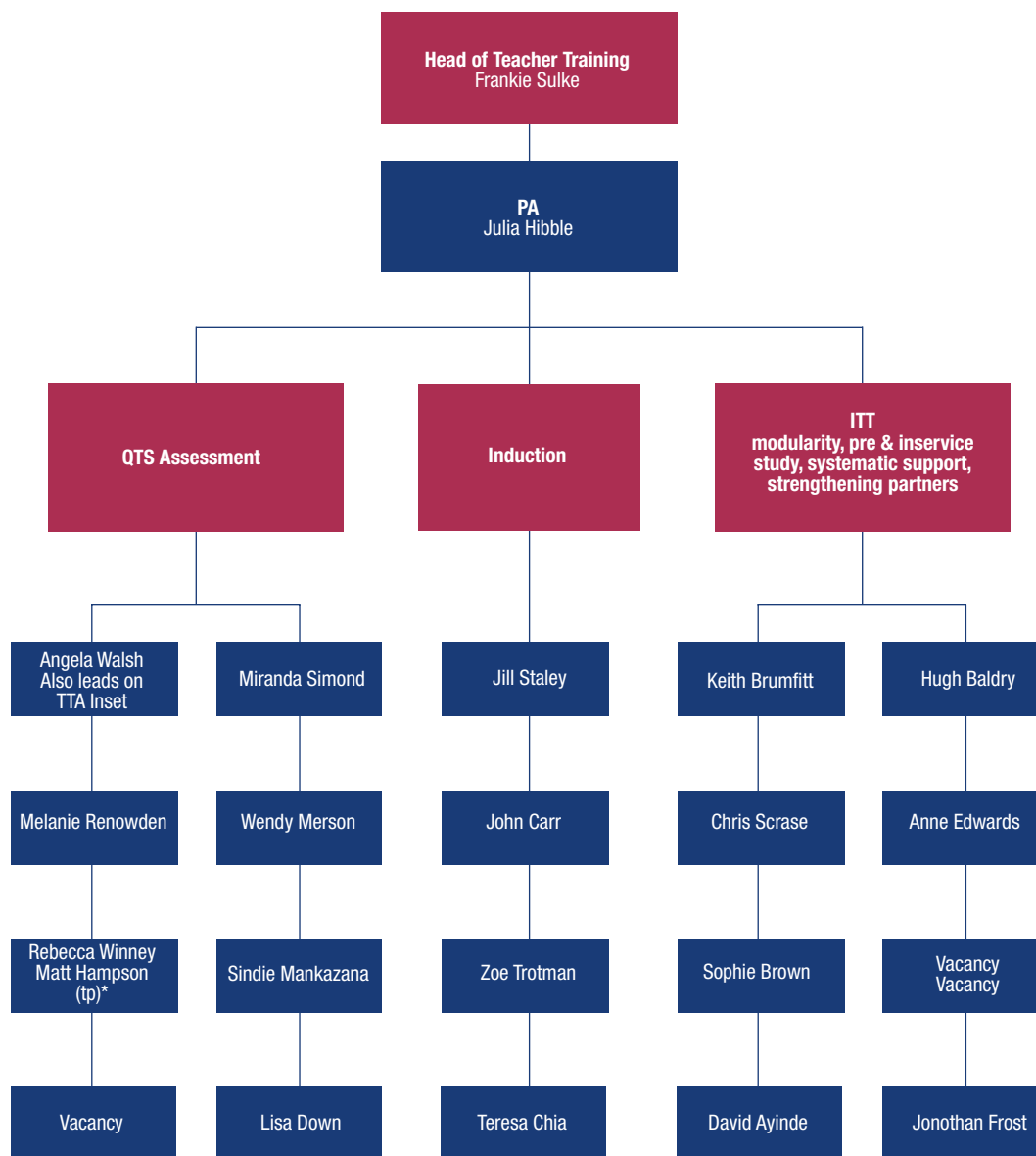
### TTA CURRENT ORGANISATION



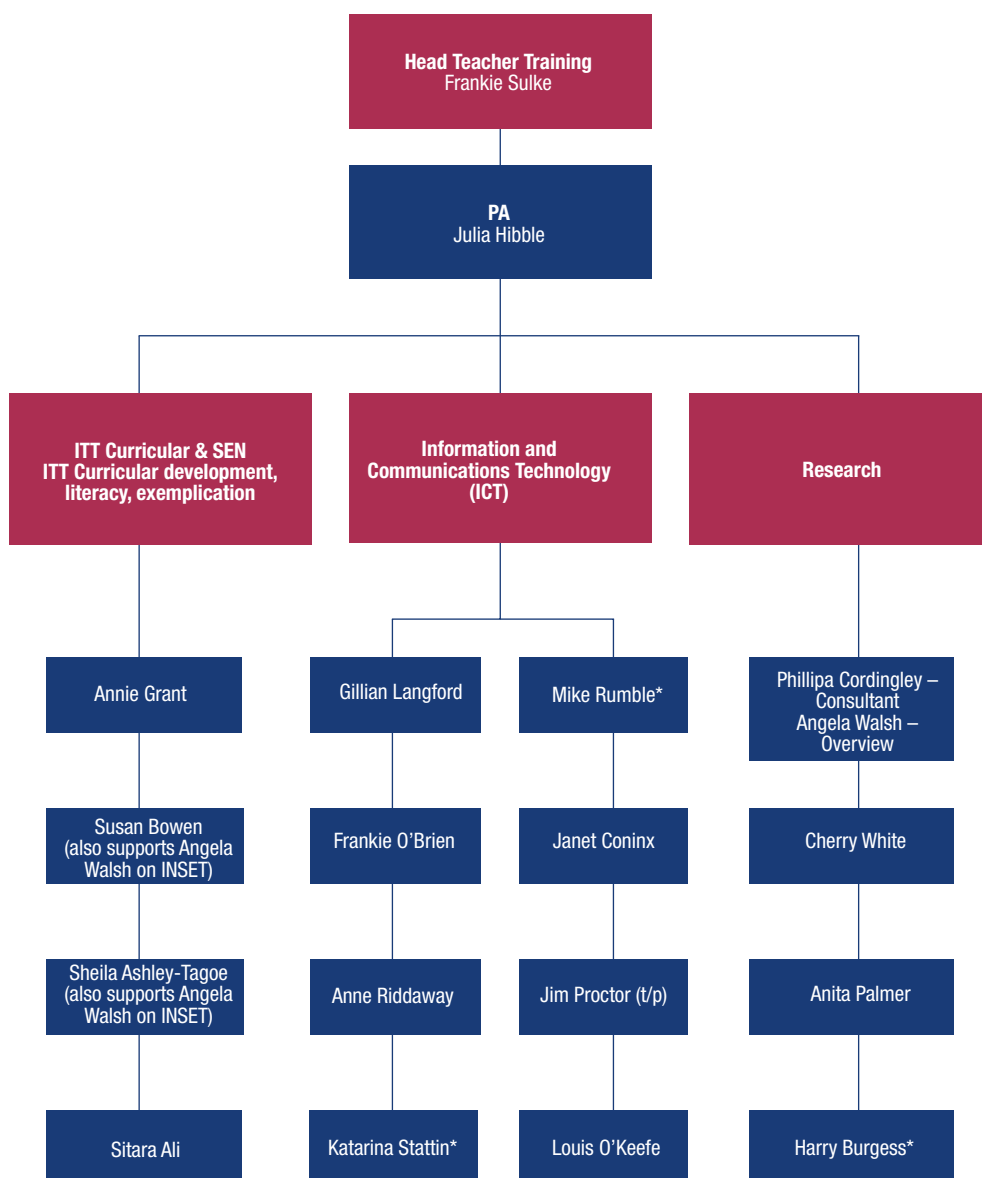
\*Post currently filled by temp



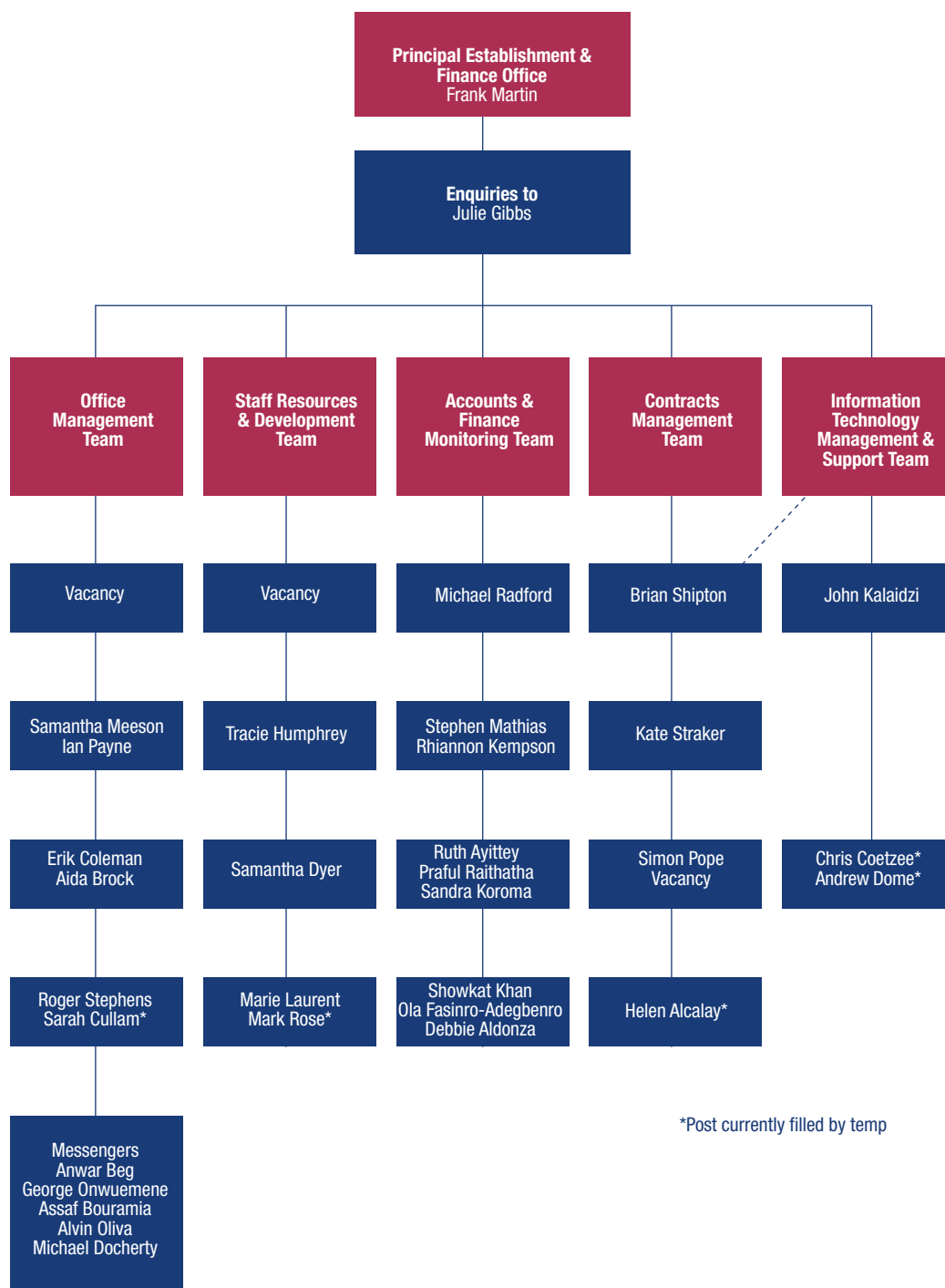
\*Post currently filled by temp



\*Post currently filled by temp



\*Post currently filled by temp



Copies of this publication  
may be obtained from:

DfEE Publications  
PO Box 5050  
Annesley  
Nottingham  
NG15 0DJ

Tel: 0845 602 2260  
Fax: 0845 603 3360  
Minicom: 0845 605 5560  
Email: [dfee@prologistics.co.uk](mailto:dfee@prologistics.co.uk)

Please quote ref: QRTTA

© Crown Copyright 2000  
Produced by the Department for Education and Employment

Extracts from this document may be reproduced for non-commercial education  
or training purposes on condition that the source is acknowledged.

PP3/D16/40945/400/152  
ISBN 1 84185 256 2



**INVESTOR IN PEOPLE**